
OLR Bill Analysis

HB 6321

AN ACT REQUIRING CERTAIN DISCLOSURES FOR LONG-TERM CARE POLICIES.

SUMMARY:

This bill expands the disclosure requirement for long-term care (LTC) insurers. The law requires insurers, fraternal benefit societies, hospital or medical service corporations, or health care centers (i.e., HMO) delivering or issuing individual or group LTC policies in Connecticut to provide a full and fair disclosure of benefits and limitations at the time of the application for or solicitation or sale of a policy. The bill requires the LTC disclosure to (1) be in writing and (2) include specified information (see below).

The bill also requires these LTC disclosures from insurers that provide (1) life insurance policies with LTC benefits; (2) LTC benefits with life, endowment, or survivorship annuities; (3) group LTC policies to one or more employers or labor organizations or a related trust; and (4) group LTC policies that are noncontributory plans.

EFFECTIVE DATE: October 1, 2013

DISCLOSURE REQUIREMENTS

Under the bill, the LTC disclosure must include the following:

1. a statement that the policy may be subject to future rate increases;
2. an explanation of potential future premium rate revisions and the policy- or certificate-holder's options in the event of such a revision;
3. the applicable premium rate or rate schedule that will be in

effect until a rate revision request is made;

4. an explanation of how a premium rate or rate schedule revision will be applied, including a description of when it will take effect and the policyholder's right to the revised rate or rate schedule; and
5. information about any premium rate increase over the past 10 years on that or a similar policy in Connecticut or any other state that identifies at least the (a) policy forms whose rates have been increased, (b) calendar years when each policy form was available for purchase, and (c) amount or percentage of each increase (expressed as either the percentage of the premium rate before the increase or the minimum and maximum percentages if the increase varies by rating characteristics).

The bill requires a LTC policy applicant to sign an acknowledgement that the insurer, society, corporation, or HMO has provided the written disclosure. If the application method does not allow for an applicant's signature at the time of the application, he or she must sign by the time the policy is delivered. (The bill does not specify what happens if an acknowledgement is not signed.)

For group LTC policies, the bill requires a policyholder to provide a copy of the disclosure to each eligible individual.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/19/2013)